TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SB 2151 - HB 2290

March 6, 2018

SUMMARY OF BILL: Authorizes a county originally eligible to elect Tennessee River Resort District (TRRD) Status, under Public Chapter 212 of 2005, to elect such status, upon approval by the Department of Finance and Administration (F&A), after July 1, 2018, and prior to July 1, 2019, for the purpose of retaining a portion of the state and local sales and use tax generated from such district. Establishes that any election by a county to be a TRRD shall not be for the purpose of the consumption of alcoholic beverages on premises.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - $1,748,100/FY19-20 and Subsequent Years

Increase Local Revenue - $1,748,100/FY19-20 and Subsequent Years/Permissive

Assumptions:

- An effective date of July 1, 2018.
- Currently, pursuant to Tenn. Code Ann. § 67-6-103(a)(3)(A), 4.6030 percent shall be appropriated to the several incorporated municipalities within the State of Tennessee to be allocated and distributed to them monthly by the Commissioner of F&A, in the proportion as the population of each municipality bears to the aggregate population of all municipalities within the state, according to the latest federal census and other censuses authorized by law.
- Pursuant to Public Chapter 212 of 2005, a county ranking in the first quartile of county economic distress in the United States for FY05-06, and determined to qualify according to the Department of Economic and Community Development, may elect to become a TRRD and, in lieu of the 4.6030 percent being allocated to the incorporated municipalities, shall receive 4.6030 percent of the tax actually collected and remitted by dealers within the boundaries of the TRRD.
- However, such election must have been made prior to July 1, 2008.
- This legislation will allow counties that were originally eligible to elect TRRD status, to elect such status after July 1, 2018, and prior to July 1, 2019, subject to all eligible cities within any such county electing TRRD status prior to the respective county making the election.

- Counties eligible to elect TRRD status, pursuant to this legislation, are believed to be Marion County, Meigs County, and Rhea County.
- Due to the fact that all cities within a county have to elect TRRD status prior to the county electing TRRD status, it is assumed that any impact of this legislation will take place in FY19-20 and subsequent years.
- According to the Department of Revenue (DOR), this legislation is estimated to result to an increase in revenue allocations made to local governments.
- Currently, dealers remitted the following amounts of state sales tax collections in FY16-17, per eligible county:
    - Marion: $19,447,037.
    - Meigs: $4,587,183
    - Rhea: $13,944,257
- These three counties will now be apportioned 4.603 percent of such sales tax remittances, resulting in an increase in local government revenue and a corresponding decrease in revenue to the General Fund.
- The recurring increase in local revenue is estimated to be $1,748,149 [($19,447,037 + $4,587,183 + $13,944,257) x 4.603%] in FY19-20 and subsequent years.
- The recurring decrease in state revenue is estimated to be $1,748,149 in FY19-20 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista M. Lee RNC

Krista M. Lee, Executive Director

/jdb